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# TOMBILL MINES LIMITED



## Fortieth Annual Report

FOR THE YEAR ENDED 31ST DECEMBER 1976



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# TOMBILL MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

## DIRECTORS

A. M. DOULL	Toronto, Ont.
H. R. FRASER	Toronto, Ont.
J. A. GRANT	Toronto, Ont.
E. P. GUSH	Toronto, Ont.
F. W. HEWITT	Toronto, Ont.
P. H. PAGE	Toronto, Ont.
S. H. ROBINSON, Q.C.	Toronto, Ont.
C. K. TAYLOR, Q.C.	Toronto, Ont.
R. V. TOMKINS	Regina, Sask.

## OFFICERS

J. A. GRANT	<i>Honorary Chairman</i>
H. R. FRASER	<i>Chairman</i>
A. M. DOULL	<i>President</i>
DR. R. DAVIES	<i>Vice President</i>
C. K. TAYLOR, Q.C.	<i>Secretary</i>
P. H. PAGE	<i>Treasurer</i>
I. WOLFE	<i>Assistant Secretary</i>

## HEAD OFFICE

P.O. Box 28, Toronto-Dominion Centre, Toronto, Ontario M5K 1B8

## GOLD MINE PROPERTY

Geraldton, Ontario

## REGISTRAR AND TRANSFER AGENT

CROWN TRUST COMPANY, 302 Bay Street, Toronto, Ontario M5H 2P4

## AUDITORS

DELOITTE, HASKINS & SELLS, Toronto, Ontario

## COUNSEL

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON, Toronto, Ontario

## ANNUAL MEETING

The Annual Meeting of the Corporation will be held in the Saskatchewan Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Friday, May 13th, 1977, at 11:00 o'clock in the forenoon, Toronto time.



# **TOMBILL MINES LIMITED**

(the "Corporation")

## **Report of the Directors**

The Directors submit herewith the Fortieth Annual Report of the Corporation including Financial Statements and Auditors' Report for 1976.

The Corporation's revenue from dividends and interest amounted to \$124,262 compared with \$220,474 for 1975, the decrease being mainly attributable to the reduction in dividends paid by Hudson Bay Mining and Smelting Co., Limited during 1976.

The positive results anticipated for Francana Minerals Ltd., in which the Corporation has a 40% interest, did not materialize and the adverse factors responsible are covered in the text which follows.

## **FRANCANA MINERALS LTD.**

Sales in 1976 increased to a record level for Francana Minerals Ltd. although they were lower than anticipated. Profit, however, was much lower at \$241,653, as compared to an adjusted \$843,913 in 1975, due to increased costs of natural gas, power and labour with no corresponding increase in sale price of product.

At the Grant operation (producer of detergent grade sodium sulphate) production was restricted by the limited amount of raw material recovered. Excessive water on the salt deposit until after mid-year prevented effective operation of the dredge. A newly developed bucket-wheel excavator head was installed on the dredge in July and this appears to have alleviated most of the problems encountered in mining Glauber's salt with a conventional cutter-head. After two years of

abnormally wet and cold weather, conditions were more nearly normal in 1976 enabling the operation to obtain a good natural harvest of crude salts to supplement dredged salt in 1977. Supplies of detergent grade sodium sulphate appear to be in balance with anticipated demand.

At the Hardene operation (producer of salt-cake grade sodium sulphate for kraft pulp manufacturing) the year began well with sales much as forecast. By mid-year however the expected improvement in the North American economy, and particularly in the pulp industry, had failed to materialize and markets for salt cake were depressed. Prices had not been affected at year-end but buyers were more quality-conscious and it became more difficult to market the Hardene product.

The outlook for 1977 in the detergent market is promising, with the expected output of the Grant plant contracted. The year began with a good stockpile of raw material and, with more operational experience, improved water conditions and the new cutter-head, it is expected the dredge will produce the additional Glauber's salt required.

Sales of salt cake by the Hardene plant are dependent on a recovery of the kraft pulp market and availability of raw material.

## **JOINT EXPLORATION WITH ANGLO AMERICAN CORPORATION OF CANADA LIMITED AND HUDSON BAY MINING AND SMELTING CO., LIMITED**

The Corporation maintained its 5% interest in the joint exploration programme carried out by Hudson Bay Exploration and Development Company Limited in the Yukon, Ontario and Quebec and, for the first time, in Manitoba and Saskatchewan where the search is only for uranium.

A total of 60,001 feet was drilled to test 157 geophysical anomalies and explore mineralized zones; nothing of economic significance was encountered. Further drilling on the zinc-lead zone discovered in the Yukon in 1975 indicates that the size potential is not sufficient to justify further drilling at the present time. Anomalies located by airborne geophysical surveys continued to be evaluated on the ground by geophysical and geochemical methods and many of these anomalies will be tested in 1977.

#### **GULCH MINES INC.**

Gulch Mines Inc., in which the Corporation has a 37.7% interest, carried out no exploration work in 1976. Previous underground drilling on mineral leases on Black Bay, Lake Athabaska, Saskatchewan, outlined 201,000 drill indicated tons at a grade of 0.09%  $U_3O_8$  plus 315,000 possible tons at the same grade. This property and the patented gold claims at Geraldton, Ontario, are being held in good standing.

#### **CRASKIE MINES, LIMITED**

Craskie Mines Limited, an 82.5% owned subsidiary of the Corporation, did no work in 1976 on its gold prospect in Vincent Township, Ontario. The 15 leased claims have been kept in good standing.

#### **DIRECTORS AND PRESIDENT**

Dr. J. Blair Howkins, who accepted on July 1st, 1976, the Presidency of Inspiration Consolidated Copper Company of Morristown, New Jersey, U.S.A., resigned as a Director and President of the Corporation. Mr. C. Keith Taylor, Q.C., was appointed a Director and Mr. Adrian M. Doull was elected President on September 30th, 1976, to fill the vacancies created by Dr. Howkins' resignation.

Mr. William A. Morrice, who retired early this year, has also resigned as a Director of the Corporation. Mr. E. Peter Gush was appointed a Director on March 10th, 1977 to fill the vacancy created by Mr. Morrice's resignation.

On behalf of the Board

H. Ronald Fraser  
Chairman

Toronto, Ontario  
March 10th, 1977



# TOMBILL M

(Incorporated under the L

## Balance Sheet as at

(with 1975 figures)

### ASSETS

	1976	1975
CURRENT ASSETS:		
Accounts receivable .....	\$ 45	\$ 967
Due from associated company .....	12,841	2,457
Dividend receivable .....	30,900	30,900
Total current assets .....	43,786	34,324
INVESTMENTS (Note 1) .....	1,820,790	1,819,557
MINING PROPERTIES .....	1,191,262	1,191,262
NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES (Note 2) ..	1,268,917	1,144,424
TOTAL .....	<u>\$4,324,755</u>	<u>\$4,189,567</u>

The accompanying notes are an integral part of the financial statements.

### Auditors' Report

To the Shareholders of  
Tombill Mines Limited:

We have examined the balance sheet of Tombill Mines Limited as at December 31, 1976 and the statements of net exploration, development and other expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
February 21, 1977.

DELOITTE, HASKINS & SELLS  
Chartered Accountants.

# ES LIMITED

(Incorporated in the Province of Ontario)

December 31, 1976

(For comparison)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	1976	1975
CURRENT LIABILITIES:		
Accounts payable and accrued charges .....	\$ 31,409	\$ 60,113
Loan from affiliated company .....	247,462	83,570
Total current liabilities .....	278,871	143,683
SHAREHOLDERS' EQUITY:		
Capital stock:		
Authorized — 5,000,00 shares without par value		
Issued and fully paid — 4,650,000 shares .....	3,831,500	3,831,500
Retained earnings (no transactions during the year) .....	214,384	214,384
Total shareholders' equity .....	4,045,884	4,045,884
TOTAL .....	\$4,324,755	\$4,189,567

Approved by the Board:

H. R. FRASER, Director.

P. H. PAGE, Director.

# TOMBILL MINES LIMITED

## Statement of Net Exploration, Development and Other Expenditures

**For the Year ended December 31, 1976**

(with 1975 figures for comparison)

	<u>1976</u>	<u>1975</u>
<b>EXPENDITURES:</b>		
Exploration and development .....	\$ 192,886	\$ 314,084
Administration and secretarial .....	7,200	7,200
Annual meeting and reports .....	2,508	2,299
Capital tax .....	5,817	6,034
Interest .....	16,419	3,666
Legal and audit .....	2,900	10,730
Office .....	2,793	3,925
Rent .....	3,600	3,600
Salaries .....	10,000	15,000
Transfer agent and registrar .....	3,417	1,839
Travel .....	1,215	1,229
Total expenditures .....	<u>248,755</u>	<u>369,606</u>
<b>INCOME:</b>		
Dividends .....	123,600	216,300
Interest .....	662	4,174
Total income .....	<u>124,262</u>	<u>220,474</u>
NET EXPENDITURES .....	124,493	149,132
NET EXPENDITURES AT BEGINNING OF THE YEAR .....	<u>1,144,424</u>	<u>995,292</u>
NET EXPENDITURES AT END OF THE YEAR .....	<u><u>\$1,268,917</u></u>	<u><u>\$1,144,424</u></u>

The accompanying notes are an integral part of the financial statements.



# TOMBILL MINES LIMITED

## Statement of Changes in Financial Position

For the Year ended December 31, 1976

(with 1975 figures for comparison)

	1976	1975
FUNDS PROVIDED — reduction of investment in Craskie Mines, Limited . . .	\$ —	\$ 390
FUNDS APPLIED:		
Net exploration, development and other expenditures . . . . .	124,493	149,132
Investments purchased:		
Unquoted — Craskie Mines, Limited . . . . .	1,233	—
Quoted — Gulch Mines Inc. . . . .	—	100,000
Total funds applied . . . . .	125,726	249,132
DECREASE IN WORKING CAPITAL FOR THE YEAR . . . . .	125,726	248,742
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE YEAR . . . . .	(109,359)	139,383
WORKING CAPITAL (DEFICIENCY) AT END OF THE YEAR . . . . .	\$ (235,085)	\$ (109,359)

The accompanying notes are an integral part of the financial statements.

# TOMBILL MINES LIMITED

## Notes to the Financial Statements

December 31, 1976

### 1. INVESTMENTS

Investments are stated at cost and are comprised of the following:

	<u>% of Ownership</u>	<u>1976</u>	<u>1975</u>
Subsidiary company:			
Craskie Mines, Limited:			
1,047,124 shares without par value (unquoted)	82.5	\$ 52,620	\$ 52,620
Advance .....	—	4,946	3,713
Effectively controlled companies:			
Gulch Mines Inc.:			
448,215 shares without par value (market value 1976 — \$53,786; 1975 — \$31,375) .....	37.7	203,787	203,787
Francana Minerals Ltd.:			
80,000 5% preferred shares (unquoted) ....	40.0	800,000	800,000
226,000 common shares (unquoted) .....	40.0	460,000	460,000
Other:			
Hudson Bay Mining and Smelting Co., Limited:			
154,500 Class 'A' common shares (market value 1976 — \$2,800,313; 1975 — \$2,394,750) .....	1.5	299,437	299,437
		<u>\$1,820,790</u>	<u>\$1,819,557</u>

#### Investment in Craskie Mines, Limited:

The company's equity in the net assets of Craskie Mines, Limited exceeds its investment therein at December 31, 1976. The assets of Craskie Mines, Limited consist primarily of deferred exploration, development and other expenditures amounting to approximately \$130,000. The accounts of Craskie Mines, Limited are not consolidated with the accounts of the company since the subsidiary is presently inactive.

#### Investment in Gulch Mines Inc.:

The company's equity in the net assets of Gulch Mines Inc. exceeds its investment therein at December 31, 1976. The assets of Gulch Mines Inc. consist primarily of deferred exploration, development and other expenditures amounting to approximately \$2,081,000.

#### Investment in Francana Minerals Ltd.:

The company's equity in the net assets of Francana Minerals Ltd. is in excess of its investment therein by approximately \$157,000 at December 31, 1976. Francana Minerals Ltd. had net income of \$241,653 for the year ended December 31, 1976, and, as at that date, had dividend arrears on its preferred shares amounting to \$841,668 of which \$336,667 relates to Tombill Mines Limited.

### 2. NET EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES

It is the policy of the company to defer all such expenditures.

### 3. INCOME TAXES

Accumulated exploration expenditures of approximately \$2,515,000 are available for application against taxable income of future years.

### 4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration of directors and senior officers, as defined in The Business Corporations Act, Ontario, amounted to \$10,000 for the year ended December 31, 1976 (1975 — \$15,000).

### 5. ANTI-INFLATION ACT

The company is subject to the provisions of the Anti-Inflation Act and Regulations enacted by the Federal Government, effective October 14, 1975. Under this legislation certain restrictions are placed on prices, profit margins, compensation and dividends.







## TOMBILL MINES LIMITED

INTERIM REPORT

TO THE SHAREHOLDERS:

IN THE FOURTH QUARTER OF 1975 HUDSON BAY MINING AND SMELTING CO., LIMITED REDUCED ITS REGULAR QUARTERLY DIVIDEND OF 40¢ PER SHARE TO 20¢. THIS LOWER RATE HAS CONTINUED IN 1976, RESULTING IN A REDUCED DIVIDEND INCOME AS COMPARED WITH THE FIRST SIX MONTHS OF 1975.

THE CORPORATION MAINTAINED ITS 5% INTEREST IN THE JOINT EXPLORATION PROGRAMME WITH ANGLO AMERICAN CORPORATION OF CANADA LIMITED AND HUDSON BAY MINING AND SMELTING CO., LIMITED. WORK WAS CARRIED OUT IN ONTARIO AND QUEBEC, WITH FURTHER DRILLING BEING DONE ON THE ZINC-LEAD DISCOVERY IN THE YUKON. THIS JOINT EXPLORATION PROGRAMME HAS BEEN EXTENDED DURING 1976 TO INCLUDE URANIUM EXPLORATION IN MANITOBA AND SASKATCHEWAN. IN THIS CONNECTION TWO PERMIT AREAS AND SEVERAL CLAIM BLOCKS WERE ACQUIRED TO COVER RADIO-METRIC ANOMALIES, AND PRELIMINARY GROUND WORK IS UNDERWAY.

FRANCANA MINERALS LTD.'S RESULTS FOR THE FIRST SIX MONTHS HAVE BEEN DISAPPOINTING DUE TO A COMBINATION OF MALFUNCTIONS WITH THE NEW DREDGE AND ADVERSE WEATHER CONDITIONS. THE PROBLEMS WITH THE DREDGE OPERATION ARE EXPECTED TO BE RECTIFIED WITH THE INSTALLATION OF A MODIFIED CUTTING HEAD, WHICH SHOULD RESULT IN IMPROVED PRODUCTION IN THE LAST QUARTER.

H.R. FRASER,  
CHAIRMAN.

TORONTO, ONTARIO  
AUGUST 25, 1976

## TOMBILL MINES LIMITED

STATEMENT OF  
INCOME AND EXPENDITURE

FOR THE SIX MONTHS ENDED JUNE 30, 1976  
(WITH 1975 FIGURES FOR COMPARISON)

	1976	1975
INCOME:		
INTEREST AND DIVIDENDS	\$ 31,039	\$ 65,504
EXPENDITURE :		
EXPLORATION	87,681	109,911
ADMINISTRATION & GENERAL	22,122	29,936
	<u>109,803</u>	<u>139,847</u>
EXCESS OF EXPENDITURE OVER INCOME	\$ 78,764	\$ 74,343

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE SIX MONTHS ENDED JUNE 30, 1976  
(WITH 1975 FIGURES FOR COMPARISON)

	1976	1975
FUNDS PROVIDED:		
INTEREST AND DIVIDENDS	\$ 31,039	\$ 65,504
UNQUOTED INVESTMENT REALIZED	-	830
	<u>31,039</u>	<u>66,334</u>
FUNDS APPLIED:		
DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES	109,803	139,847
ADVANCE TO CRASKIE MINES LIMITED	1,233	300
QUOTED INVESTMENT PURCHASED	-	100,000
	<u>111,036</u>	<u>240,147</u>
DECREASE IN WORKING CAPITAL FOR THE PERIOD	79,997	173,813
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE PERIOD	(109,359)	139,383
WORKING CAPITAL DEFICIENCY AT END OF THE PERIOD)	\$189,356	\$ 34,430

A red circular postmark from Toronto, dated 24VET76, with a meter stamp and a cancelled stamp. The meter stamp is a rectangular box with the word "METER" at the top, "POSTAGE" on the right, and "PAID" at the bottom. The cancelled stamp is a rectangular box with the word "CANCELLED" at the top, "POSTAGE" on the right, and "PAID" at the bottom. The circular postmark has "TORONTO" around the top and "24VET76" in the center. There is also a small "ONT." at the bottom right of the circle. The background is a light blue grid.

Aug 25, 1976

075-1960-3

THE GLOBE & MAIL  
MR L WELSH  
REPORT ON BUSINESS  
444 FRONT ST W  
TORONTO ONTARIO M5V 2S9



## TOMBILL MINES LIMITED

INTERIM REPORT

To the Shareholders:

The Interim Report for the six months ended June 30th, 1974 is presented herewith.

Hudson Bay Mining and Smelting Co. Limited declared a quarterly dividend of 40¢ per share on June 27th, 1974 payable July 30th, 1974 - including this dividend Tombill will have received in 1974 total 80¢ per share or \$123,600 as compared in 1973 with 70¢ per share or \$108,150 on its holdings in Hudson Bay.

The first phase of exploration by diamond drilling on Tombill Vincent Township gold prospect, Thunder Bay Mining Division has been completed. Assessment of the results and future plans are being studied.

An exploration programme was started mid June, 1974 on Tombill Geraldton area patented gold claims - the programme consists of geophysics, soil sampling and diamond drilling if warranted.

Your Company presently owns - 123,215 new shares of Gulch Mines Inc. and has underwritten 125,000 new shares of Gulch capital stock at 40¢ per share and has been granted an option on 200,000 shares at 50¢ and 200,000 shares at 75¢ per share. The funds are to be employed on an exploration programme on Gulch's uranium claim Block #276 at Lake Athabaska, Saskatchewan. The geophysical phase of the work commenced mid June, 1974.

James A. Grant  
Chairman.

Toronto, Ontario,  
August 7th, 1974.

## TOMBILL MINES LIMITED

STATEMENT OF  
INCOME AND EXPENDITURE

FOR THE SIX MONTHS ENDED JUNE 30, 1974  
(WITH 1973 FIGURES FOR COMPARISON)

	1974	1973
INCOME:		
INTEREST AND DIVIDENDS	\$68,954	\$48,761
EXPENDITURE:		
EXPLORATION	133,473	20,508
ADMINISTRATION & GENERAL	28,904	24,425
	162,377	44,933
EXCESS OF INCOME OVER EXPENDITURE	<u>\$ (93,423)</u>	<u>\$ 3,828</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE SIX MONTHS ENDED JUNE 30TH, 1974  
(WITH 1973 FIGURES FOR COMPARISON)

	1974	1973
SOURCE OF FUNDS:		
INTEREST AND DIVIDENDS	\$68,954	\$48,761
APPLICATION OF FUNDS:		
DEFERRED EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES	162,377	44,933
ADVANCE TO CRASKIE MINES LIMITED	24,050	-
INTEREST DUE BY FRANCA MINERALS LTD. ON THE \$280,000 ADVANCE	13,928	8,891
	200,355	53,824
DECREASE IN WORKING CAPITAL FOR THE PERIOD	131,401	5,063
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE PERIOD	(78,738)	58,473
WORKING CAPITAL (DEFICIENCY) AT END OF THE PERIOD	<u>(\$210,139)</u>	<u>\$53,410</u>

TOMBILL MINES LTD

AUG 7, 1974

TOMBILL MINES LIMITED  
P.O. Box 28, T-D Centre,  
Toronto, Ont. M5K 1B8